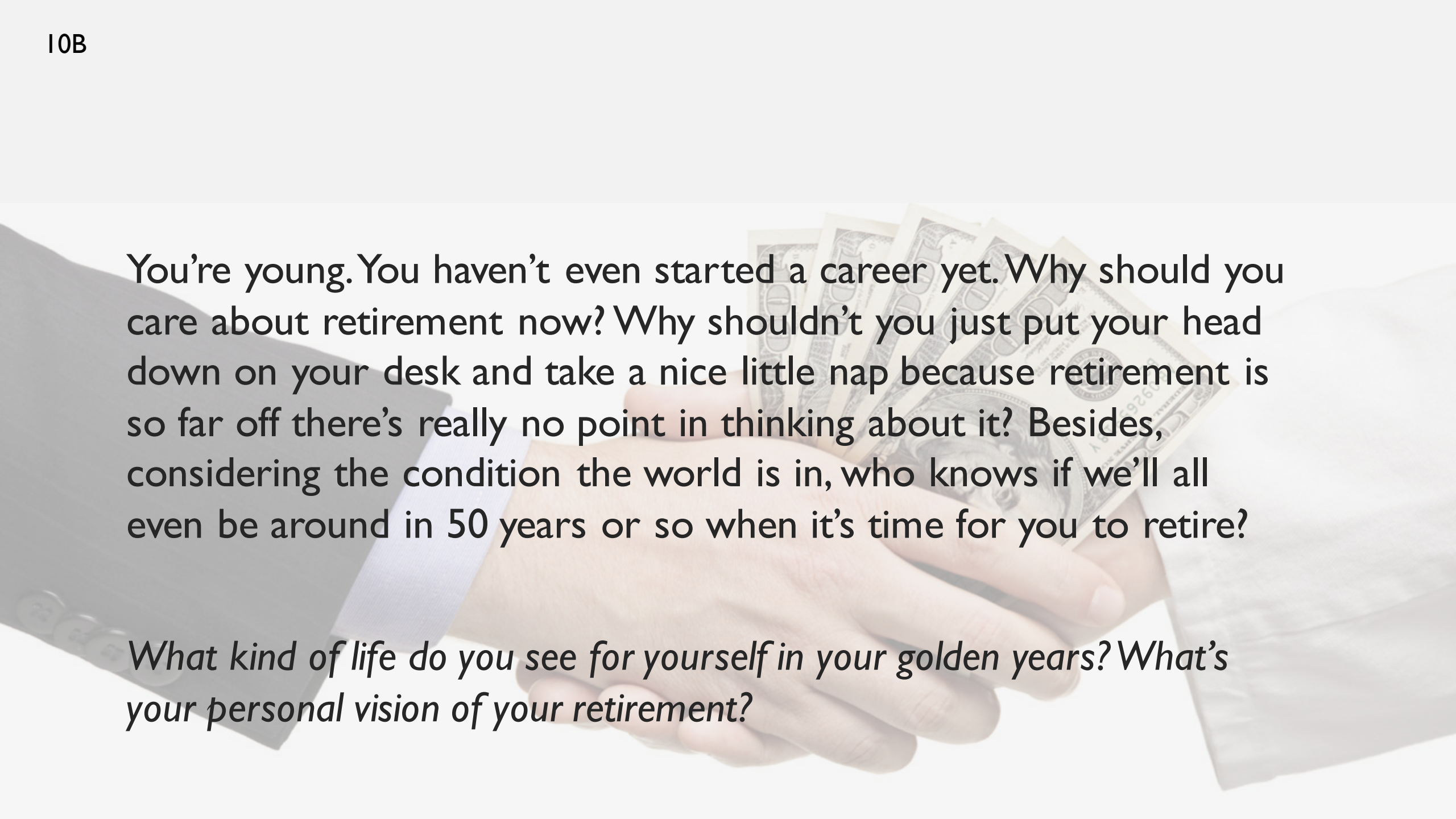


YOUR RISKY RETIREMENT

Lesson 10

A hand holding a stack of US dollar bills. The hand is positioned in the center of the frame, with the fingers gripping the edges of the bills. The bills are fanned out, showing various denominations including \$100 and \$50 bills. The background is a soft, out-of-focus light gray, suggesting an indoor setting with a desk or table.

You're young. You haven't even started a career yet. Why should you care about retirement now? Why shouldn't you just put your head down on your desk and take a nice little nap because retirement is so far off there's really no point in thinking about it? Besides, considering the condition the world is in, who knows if we'll all even be around in 50 years or so when it's time for you to retire?

What kind of life do you see for yourself in your golden years? What's your personal vision of your retirement?

I. THE BIG RISK

- **Senior Poverty.**
 - Fifteen percent of older adults are living in poverty.
- **Reduced Standard of Living.**
 - More than 52% of U.S. households are at risk of not having enough to maintain their pre-retirement standard of living when they stop working.
- **How Much is Enough?**
 - You need sources of funds that provide you with 75-85% of your preretirement annual income.

II. GOVERNMENT-SPONSORED RETIREMENT INCOME

1. **Social Security.**

- ❖ Social Security provides monthly benefits to retired workers

2. **Medicare.**

- ❖ FICA sponsored federal health insurance program for people 65 or older

III. PRIVATE SOURCES OF RETIREMENT INCOME

- 401K Retirement Plan
- Individual Retirement Account.
- The Mortgage Deduction.
- Savings, Home Equity and Inheritance

IV. 21ST CENTURY CHALLENGES

- Life Expectancy.
- Social Security.
- Student Loan Debt.
- Zero Savings Culture.
- Homeownership Habits.
- 401K Non-participation.
- Medicare.

V. RETIREMENT PREPAREDNESS FOR GEN Z

- Be Aware!
- Start Early.
- Max Our Benefits.
- Check Your Vesting.
- Delay Retirement.
- Assess and Adjust.
- Stay Healthy.

THE BIG PICTURE

- Although you're only in your teens, it is not too soon to start thinking about retirement. Your generation faces a very serious risk of living in poverty in retirement or having to take a substantial reduction in your standard of living when you stop working. Just knowing about this risk is an important first step toward avoiding it. When you get a job, participate in your employer's retirement plan as fully as possible. If you freelance, set up and contribute regularly to an IRA. Keep in mind that you may live up to 20 years after you stop working and will need to have sufficient financial resources to live comfortably. Federal entitlement programs designed to provide support for the aged are likely to have reduced their benefits while raising the eligibility age. Funding a comfortable retirement will be difficult, but not impossible. Start early!

PONDER & PREDICT

- You've heard the saying: "Put your money to work for you!" Money is meant to work -- not sit around doing nothing. How do you put money to work? What are the tools of wealth building?